

New Business Long Range Planning

Exelon Utilities Administrative Procedure

AM-EU-09128

Revision No.: 4

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1. Purpose

- 1.1. To provide guidelines to identify, review, budget, and implement long range planning as necessary for new and revised customer requested electrical services within the Utility New Business Investment Category.
- 1.2. This procedure represents a management method for systematically identifying, scoping, evaluating, and budgeting solutions to New Business Investment Category work scope throughout the service territory. The solutions are to be consistent with the Engineering Standard Practices (ESP's) and represent the least cost long-term means of providing customer requested electrical service. This procedure provides a standard practice that the New Business activities are performed in a consistent and timely manner with maximum benefit and minimum cost while conforming to regulatory requirements.

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1.3. This procedure is meant to depict the standard steps followed by New Business, in the normal course of business, under current anticipated business conditions. Deviation from this procedure is acceptable and expected when business conditions change or when unique events occur requiring alternative methods to achieve the desired results or alternative analytical processes to gain insight and understanding of the anomaly/business condition change. Due to the fluidity of the New business environment and the frequency of significant changes in business conditions, this procedure will be reviewed and updated as needed.

1.4. Section 4 of this procedure has been divided into the following subsections:

Subsection	Title	Page
4.1	IDENTIFICATION OF NEW BUSINESS BASELINE WORK SCOPE	3
4.2	IDENTIFICATION OF NEW BUSINESS MANAGED SPECIFIC PROJECTS	4
4.3	IDENTIFICATION OF CENTRALLY MANAGED LARGE PROJECTS	6
4.4	ESTABLISHMENT OF LRP and ANNUAL BUDGET	6

2. Precautions and limitations

2.1. Precautions

2.1.1 The New Business Baseline annual direct capital spend is significantly impacted by internal and external economic factors as well as resource utilization strategies. As such analysis of historical spend must be augmented with forward looking predictions when determining budgetary requirements. The New Business managed projects annual direct capital spend fluctuates within a relatively small range and very large projects that can and should be evaluated separately for budgetary purposes and not included in evaluation of prior or future annual spend. Likewise the annual direct capital spend of the Centrally Managed Large Projects can be significantly impacted by the magnitude of the work scope to be executed year over year.

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2.2. Limitations

- 2.2.1** The New Business Economic-based Activity Model (referred to as 'the Model' within this procedure) is to be used as a data source for the establishment of the work volumes to be supported by the annual baseline budget. This forward looking Model of residential service completions was developed by ComEd in 2009 and utilizes the prior five years of historical residential service completions with economic inputs to compile predictions of future residential service completions. The model is maintained by the Load Forecasting department and is produced with input from and in collaboration with New Business.
- 2.2.2** The accuracy of long term planning and scheduling of residential developments directly impacts the accuracy of the plan. Availability of internal engineering and construction resources to perform New Business work will directly impact the New Business plan to be performed in a consistent and timely manner with maximum benefit and at minimum cost.

3. Prerequisites

- 3.1.** None

4. Procedure

4.1. IDENTIFICATION OF NEW BUSINESS BASELINE WORK SCOPE

- 4.1.1** New Business Category Owner **PROVIDES** historical actual completions to Load Forecasting for analysis. New Business Category Owner **OBTAINS** the Model results from Load Forecasting. The Model **PROVIDES** a forecast of residential service completions and commercial baseline spend.
- 4.1.2** New Business Category Owner **DISTRIBUTES** the Model results to Baseline ITN/Job Owners.
- 4.1.3** Baseline ITN Owners **REVIEW** the Model results and compare with the previous LRP and note any changes in baseline volumes and activity timelines. ITN Owners **OBTAIN** model projections from Load Forecasting as required.
- 4.1.4** Baseline ITN Owners **REVIEW** historical volumes and spends against the volumes projected by the Model.
- 4.1.5** New Business Category Owner **OBTAINS** guidance from interfacing organizations such as Investment Strategy, Construction & Maintenance, Transmission & Substation, and Operations regarding the resource utilization strategy (internal labor vs. contractors) to be applied to the LRP.

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- 4.1.6 New Business Category Owner **OBTAINS** guidance from Finance and Project & Contract Management regarding escalation and rate factors to be applied to labor, material, and contractor spend.
- 4.1.7 New Business Category Owner **DISTRIBUTES** guidance obtained from Finance and Project & Contract Management regarding resources strategies and escalation factors to Baseline ITN Owners. New Business Category Owner **COORDINATES** meetings with Baseline ITN Owners to outline how the forward looking Model results, resource strategy and escalation factors may be coupled with historical cost performance to compile the New Business baseline LRP.
- 4.1.8 Baseline ITN Owners **EVALUATE** the New Business baseline work scope resource requirements (Labor, Contracting, and Material) and Contributions in Aid of Construction (CIAC) based upon analysis of the Model results, resource strategy, escalation factors, and historical cost per unit performance.
- 4.1.9 New Business Category Owner and New Business Managers **REVIEW** results of the New Business baseline evaluations for incorporation into the LRP.
- 4.2. IDENTIFICATION OF NEW BUSINESS MANAGED SPECIFIC PROJECTS
 - 4.2.1 New Business Category Owner **DISTRIBUTES** the New Business managed specific projects list to New Business Departments for review.
 - 4.2.2 New Business Managers, Supervisors, CPEs, and DCCs **REVIEW** the listing and make adjustments for work scope carryover, project additions, and project deferrals or cancellations. New Business personnel **CONTACT** residential and commercial property developers as well as government agencies regarding any planned New Business work scope for LRP consideration.
 - 4.2.3 New Business Category Owner **SOLICITS** information from Large Customer Solutions (LCS) or BGE Strategic Customer Planning (SCP) regarding pending New Business work scope that should be considered for the LRP. LCS/SCP serves as the primary source of contact for Commercial, Industrial, and Large Governmental service delivery customers with electrical demand greater than 400 KW. Not currently applicable to PHI: This function will be performed by Regional Department New Business organizations.
 - 4.2.4 New Business Category Owner **DISTRIBUTES** guidance obtained as outlined in sections 4.1.5 and 4.1.6 regarding resource strategies and escalation factors to Specific Project ITN/Job Owners.
 - 4.2.5 Specific Project ITN/Job Owners **ESTIMATE** the New Business managed project work scope resource requirements (Labor, Contracting, and Material) and Contributions in Aid of Construction (CIAC). Included in the evaluation by the ITN/Job Owner is the determination of a risk factor in the work scope executing.
 - 4.2.6 New Business Category Owner **REVIEWS** results of the New Business managed project estimates of scope, schedule, and budget for incorporation into the LRP. Based on a review of the projected spend and the risk factor in the work executing, a determination is made as to which specific projects will be included in the LRP.

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- 4.2.7 When the listing of specific projects to be managed by New Business does not reflect historical specific project activity (adjusted for anticipated economic conditions), the New Business Category Owner may **INCLUDE** funding for unspecified projects. The utilization of funding under the unspecified projects is more prevalent in years 2-5 of the LRP as the New Business managed specific projects may not yet be identified.
- 4.3. IDENTIFICATION OF CENTRALLY MANAGED LARGE PROJECTS. This section is not currently applicable to PHI as large customer projects are currently managed in Regional Departments.
- 4.3.1 New Business Category Owner **REVIEWS** the specific projects listing to determine if any of the work scopes are candidates to be Centrally Managed as outlined in PC-EU-0018 Project Initiation. Projects for consideration include those where the work scope requires purchase and installation of major equipment, or has a high degree of complexity beyond the standard requirements of new service (e.g. requires substation modification for a new feeder).
- 4.3.2 For New Business projects that are candidates to be Centrally Managed Large Projects, the ITN/Job Owner shall **SUBMIT** the Centrally Managed Project request form per PC-EU-0018.
- 4.3.3 Projects accepted as a Centrally Managed Project, are assigned a Project Manager if one is not already involved, and the Project Manager **PROCEEDS** with establishing appropriate communications, controls and authorization(s).
- 4.3.4 New Business Category Owner **COORDINATES** meetings with Project & Contract Management to finalize the listing of Centrally Managed New Business Large Projects to be included in the LRP.
- 4.4. ESTABLISHMENT OF LRP and ANNUAL BUDGET
- 4.4.1 The LRP target is established based on the forward looking New Business Economic-based Activity Model and the Specific Projects List, reviews of corporate overheads, incorporation of historical New Business Managed Specific Project and Baseline activity and the Centrally Managed Large Projects.
- 4.4.2 The annual budget is based on the LRP target with the inclusion of any additional information gained from further review of specific projects. Additionally, the budget is adjusted through the review of the range of volume activity predicted by the New Business Economic-based Activity Model leading up to the start of the annual budgeting process.

5. Roles and responsibilities

5.1. EXECUTIVE SPONSOR

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- 5.1.1** A VP or SVP who serves as champion, mentor, advocate or sounding board for the Executive Category.

5.2. NEW BUSINESS CATEGORY OWNER

- 5.2.1** Provides accountability for scope, schedule and budget within the New Business Executive Category. Works in collaboration with other Category Owners and associated work groups.
- 5.2.2** Performs strategic long range integrated planning for New Business work. Provides long-range budgetary input to budget process. Ensures that the output of the forward looking New Business Economic-based Activity Model is factored into the budget process. Coordinates budget development with Investment Strategy, Construction & Maintenance, Transmission & Substation, and Operations personnel regarding resource utilization for New Business work.
- 5.2.3** Accountable for the prioritization of work within the New Business Investment Work Category and support the objective prioritization of work across categories.
- 5.2.4** Works closely with New Business Key Managers to ensure timely and cost effective execution of all New Business work.
- 5.2.5** Accountable for the creation and maintenance of the updated Specific Projects List.
- 5.2.6** Facilitates the New Business Category Forum meetings.
- 5.2.7** Accountable for the maintenance of the Long Range Plan, Specific Projects List, and budget development material on New Business shared drive.

5.3. NEW BUSINESS ITN/JOB OWNER

- 5.3.1** Responsible for individual project budgetary development, engineering management, timely execution and scope control of New Business work. Develops and maintains a strong working relationship with customers, developers and their consultants. Leverage knowledge and relationships with sound engineering judgment to influence the most favorable outcome. Work closely with Construction & Maintenance, Transmission & Substation, and Operations Departments, Regional Engineering and Large Customer Solutions personnel to assure timely, cost effective, and well communicated execution of all New Business work.

6. Documentation

- 6.1.** Documentation generated during performance of this document shall be filed in accordance with Exelon Corporate Procedure LE-AC-401 – Records and Information Management Retention and Disposition.

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- 6.2.** The documentation supporting the budget and LRP shall be stored by the New Business Category Owner on the New Business shared drive.

7. Terms and definitions

7.1. Baseline ITN Owner

- 7.1.1** Is responsible for the development of and successful adherence to scope, schedule and budget of their respective New Business Baseline ITN(s); Single point of contact for issues pertaining to scope, schedule and budget of their respective ITN(s); Provide accurate status updates in EPS for their respective ITN(s); Responsible for the development of and successful adherence to scope, schedule and budget/18-month rolling plan status of their respective ITN(s).

7.2. Category Owner

- 7.2.1** Single point of contact for specific categories of work within respective utility.

7.3. Direct Costs

- 7.3.1** Controllable Project Costs that are approved through the Capital Approval Process and charged to the Project. Direct Costs include:

- 7.3.1.1** The salaries and expenses of employees (including Payroll Taxes and Pensions & Benefits) whose time can be directly assigned to specific projects are directly recorded as direct construction costs.

7.3.1.2 Furnished Materials

7.3.1.3 Contractor Furnished Labor, Equipment and Materials

- 7.3.1.4** Other such as equipment rentals, business travel and meals, transportation, legal and real estate etc.

7.4. Indirect Labor Costs

- 7.4.1** Indirect labor costs from other than respective utility construction or engineering departments to be added to direct labor costs for providing nonstandard facilities and services including but not limited to office facilities, human resources function, payroll department, computer equipment and software. The salaries and expenses of department heads, other supervisory employees, operations' support employees and certain information systems costs are allocated to construction projects on the basis of direct labor costs. The benefits of department heads, supervision and operations' support employees are included as indirect costs (via the WFR allocation).

7.5. ITN (Investment Tracking Number)

- 7.5.1** A number assigned to define a project or project class (i.e., baseline) scope of work.

7.6. Issue

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- 7.6.1 A situation that is not being addressed acceptably under existing procedures or processes, that if not addressed could result in unfavorable governmental actions; or customer satisfaction at an increased cost to utility.

7.7. Long Range Plan (LRP)

- 7.7.1 The New Business Long Range Plan is the budget plan in the Work Planning and Tracking tool for baseline and projects for the next 5 years along with the associated large projects list.

7.8. New Business Baseline

- 7.8.1 A general scope of work less than \$100K (Direct Costs), which is typically performed by internal resources. Costs associated with running and maintaining the business that are a regular occurrence every year driven by customer additions of load, such as new business connections, customer driven public relocations, and system/component maintenance.

7.9. New Business Investment Category

- 7.9.1 Work performed to connect new customers, upgrade customers' service, or relocation of non-municipal services.

7.10. New Business Investment Category Work Scope

- 7.10.1 New Business Investment Category work scope may be classified as Baseline or New Business Large Project. New Business Large Project may be managed by New Business or Centrally Managed, with the following determining factors:

7.10.2

New Business Investment Category	Definition
Baseline	Work scope with budgetary (direct cost) estimates below \$100K
New Business Managed	Work scope with budgetary (direct cost) estimates based on the following: <ul style="list-style-type: none">• ComEd/PHI: \$100k and greater, and mostly Distribution work• BGE/PECO: \$100k up to \$500k, and mostly Distribution work
Centrally Managed Large Project	Large Projects with work activity spanning multiple divisions and with budgetary (direct cost) estimates based on the following:

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	<ul style="list-style-type: none">• ComEd/PHI: \$100k and greater, mostly Transmission work• BGE: Greater than \$100k with work from multiple divisions. All work greater than \$500k.• PECO: Greater than \$500k, no Transmission work through New Business <p>Management responsibility within P&CM Departments per PC-EU-0018.</p>
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7.11. Unique Project

7.11.1 A unique activity, or set of activities, that accomplish a measurable defined objective with specific beginning and end dates, defined funding (\geq \$100k direct cost), an assigned Project Manager (ITN Owner), and sufficient complexity, critical duration or risk (financial or operational) to warrant visibility and administrative controls.

7.12. Project Manager

7.12.1 The Project Manager is the designated management individual who is responsible for all aspects of an assigned project. The Project Manager utilizes multiple disciplines, including the coordination of activities related to the economic evaluation and justification for the project, ensuring that approved spending commitments are within limits of the approval level, and the preparation and submission of interim progress reports and a post-implementation appraisal. This could be the New Business CPE, DCC, or a Project Manager in the Project Management Department.

7.13. Relocations – Railroad Requested

7.13.1 Requests from a railroad to remove, relocate, or otherwise modify Distribution or Transmission facilities will be funded and managed in the New Business Category. This includes the requests for facilities located on easements or Right of Way (ROW), encroachments, and line crossing agreements.

7.13.2 Occasionally there are single program exceptions such as projects being performed for public interest and being funded through government improvement funds (i.e. CREATE Program). The government funded improvement projects for public interest will be funded and managed in the Facility Relocation Category.

7.13.3 The Corrective Maintenance Category will continue to fund and manage maintenance on existing railroad crossings, which are not addressed as part of a New Business or Facility Relocation work scope, to ensure structures are built to Grade B strength per the National Electrical Safety Code.

7.13.4 Large Customer Solutions (LCS) will support the coordination amongst Real Estate, New Business, Facility Relocation, and/or Corrective Maintenance, and the Railroad. (Not applicable to PHI: Engineering personnel will perform LCS functions)

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7.14. Specific Project ITN/Job Owner

7.14.1 Is responsible for the development of and successful adherence to scope, schedule and budget of their respective ITN(s); Single point of contact for issues pertaining to scope, schedule and budget of their respective ITN(s); Provide accurate status updates from inception to closeout in EPS for their respective ITN(s); Responsible for the development of and successful adherence to scope, schedule and budget/18-month rolling plan status of their respective ITN(s); The job owner is responsible for ensuring the job gets done from initiation to close out. Within New Business the Job Owner may be a Construction Project Engineer (CPE), Design Construction Consultant (DCC), or Project Manager in the Project Management Department.

7.15. Specific Projects List

7.15.1 The Specific Projects List is a working list of New Business managed specific projects along with their expected year of execution, estimated cost, and risk factor. It is maintained on the New Business shared drive.

8. References

- 8.1. LE-AC-401 – Records and Information Management Retention Disposition
- 8.2. FP-AC-PSC3-000 – Long-Range Planning (LRP) Process
- 8.3. FI-EU-2001 – Authorization of Projects
- 8.4. PC-EU-0018 – Project Initiation
- 8.5. PC-CE-09006 – ComEd Guidelines for Managing Industrial and Generation Projects

9. Attachments

- 9.1. None

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10. Development history

Revision 0		Date: 5/23/2016
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UFAM Approver(s)	Michael Pietrafitta, Director, PECO; Todd Banks, Director, ComEd; Brian Andrews, Director, BGE	
Reason written	EU level procedure to supersede AM-PE-09129 and AM-CE-5046	

Revision 1		Date: 6/14/2017
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Reason written	PHI adaptation of NB Long Range Planning Procedure	

Revision 3		Date: 2/27/2018
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Reason written	Revisions based on outcome of NB LRP Self-Assessment	

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Writer	Amy McCawley, New Business NRCG Manager	
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